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GOLDEN ENTERPRISES INC  
Form 10-K  
August 26, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-4339

GOLDEN ENTERPRISES, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE	63-0250005
-----	-----
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
ONE GOLDEN FLAKE DRIVE BIRMINGHAM, ALABAMA	35205
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER INCLUDING AREA CODE (205) 458-7316

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:  
None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:  
Common Capital Stock, Par Value \$0.662/3  
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No  -

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the

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best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this form 10-K or any amendment to this Form 10-K. ( )

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes \_\_\_\_\_ No

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of August 6, 2004. Common Stock, Par Value \$0.662/3 --\$11,487,987

Indicate the number of shares outstanding of each of the Registrant's Classes of Common Stock, as of August 6, 2004.

CLASS -----	OUTSTANDING AT AUGUST 6, 2004 -----
Common Stock, Par Value \$0.662/3	11,852,830 shares

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Proxy Statement for the Annual Meeting of Stockholders to be held on September 23, 2004 are incorporated by reference into Part III.

### EXPLANATORY NOTE

The Company has restated its consolidated balance sheet for the years ended May 31, 2003 and consolidated statements of operations, cash flows and retained earnings for the years ended May 31, 2003 and 2002 (the "2003 Restatement"). The restatement affects periods prior to 2002. The impact of the restatement on such prior periods was reflected as an adjustment to retained earnings June 1, 2001. The restatement is reported in this Annual Report on Form 10-K for the year ending May 31, 2004 and will be reported in amendments to our Quarterly Reports on Form 10-Q for its quarterly periods ended August 31, 2003, November 30, 2003 and February 29, 2004.

The restatement adjustment for years ended May 31, 2003 and 2002 resulted in a reduction in a previously reported net loss of approximately \$.5 million and a reduction in a previously reported net income of approximately \$.5 million respectively. Basic and diluted loss per share was reduced by \$.04 per share for fiscal 2003. Basic and diluted earnings per share declined \$.04 for fiscal year 2002. In addition, as a result of the cumulative effect of the restatement, retained earnings has been reduced by \$1.9 million and \$2.4 million as of May 31, 2003 and 2002 respectively. Also as the result of the cumulative effect of the restatement of periods prior to 2002, the cumulative effect was to reduce opening retained earnings June 1, 2001 by approximately \$1.9 million.

For a discussion of the individual restatement adjustments, see "Item 8. Financial Statements - Note 2. Restatement of Prior Period Financial Statements" (Years ended May 31, 2003 and 2002). Additionally, see "Item 7. Management's Discussion and Analysis of Financial Condition and Resulting Operations." For more information on the impact of the restatement on years 2001 and 2000, see "Item 6. Selected Financial Data" in Part II of this report. These restatement adjustments reflect a correction of the Company's accounting for accruals for

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its vacation pay and self-insured health and casualty obligations. The Company determined that there had been an error in its accounting for self-insurance related liabilities. The adjustments required included recognition of previously unrecorded liabilities and reductions in amounts previously recognized as prepaid amounts to an employee benefit trust which was incorrect. The Company also determined that it had not recorded liabilities for earned vacation not yet taken as required by Generally Accepted Accounting Principles (GAAP).

The Company did not amend its Annual Report on Form 10-K or Quarterly Reports on Form 10-Q for periods affected by the restatement that ended prior to May 31, 2003, and the financial statements and related financial information contained in such reports should no longer be relied on.

All referenced amounts in this Annual Report for prior periods and prior period comparisons reflect the balances and amounts on a restated basis.

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PART I

ITEM 1. - BUSINESS

Golden Enterprises, Inc. (the "Company") is a holding company which owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc., a wholly-owned operating subsidiary company ("Golden Flake"). Golden Enterprises is paid a fee by Golden Flake for providing management services for it.

The Company was originally organized under the laws of the State of Alabama as Magic City Food Products, Inc. on June 11, 1946. On March 11, 1958, it adopted the name Golden Flake, Inc. On June 15, 1963, the Company purchased Don's Foods, Inc. a Tennessee corporation which was merged into the Company on December 10, 1966. The Company was reorganized December 31, 1967 as a Delaware corporation without changing any of its assets, liabilities or business. On January 1, 1977, the Company, which had been engaged in the business of manufacturing and distributing potato chips, fried pork skins, cheese curls and other snack foods, spun off its operating division into a separate Delaware corporation known as Golden Flake Snack Foods, Inc. and adopted its present name of Golden Enterprises, Inc.

The Company owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc.

GOLDEN FLAKE SNACK FOODS, INC.

GENERAL

Golden Flake Snack Foods, Inc. ("Golden Flake") is a Delaware corporation with its principal place of business and home office located at One Golden Flake Drive, Birmingham, Alabama. Golden Flake manufactures and distributes a full line of salted snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings and buttered popcorn. These products are all packaged in flexible bags or other suitable wrapping material. Golden Flake also sells a line of cakes and cookie items, canned dips, pretzel, peanut butter crackers, cheese crackers, dried meat products and nuts packaged by other manufacturers using the Golden Flake label.

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No single product or product line accounts for more than 50% of Golden Flake's sales, which affords some protection against loss of volume due to a crop failure of major agricultural raw materials.

### RAW MATERIALS

Golden Flake purchases raw materials used in manufacturing and processing its snack food products on the open market and under contract through brokers and directly from growers. A large part of the raw materials used by Golden Flake consists of farm commodities which are subject to precipitous change in supply and price. Weather varies from season to season and directly affects both the quality and supply available. Golden Flake has no control of the agricultural aspects and its profits are affected accordingly.

### DISTRIBUTION

Golden Flake sells its products through its own sales organization and independent distributors to commercial establishments which sell food products in Alabama and in parts of Tennessee, Kentucky, Georgia, Florida, Mississippi, Louisiana, North Carolina, South Carolina, Arkansas and Missouri. The products are distributed by approximately 436 route salesmen who are supplied with selling inventory by the Company's trucking fleet which operates out of Birmingham, Alabama, Nashville, Tennessee, and Ocala, Florida. All of the route salesmen are employees of Golden Flake and use the direct store door delivery method. Golden Flake is not dependent upon any single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on its business. No single customer accounts for more than 10% of its total sales. Golden Flake has a fleet of 866 company owned vehicles to support the route sales system, including 43 tractors and 123 trailers for long haul delivery to the various company warehouses located throughout its distribution areas, 632 store delivery vehicles and 68 cars and miscellaneous vehicles.

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### COMPETITION

The snack foods business is highly competitive. In the area in which Golden Flake operates, many companies engage in the production and distribution of food products similar to those produced and sold by Golden Flake. Most, if not all, of Golden Flake's products are in direct competition with similar products of several local and regional companies and at least one national company, the Frito Lay Division of Pepsi Co., Inc., which is larger in terms of capital and sales volume than is Golden Flake. Golden Flake is unable to state its relative position in the industry. Golden Flake's marketing thrust is aimed at selling the highest quality product possible and giving good service to its customers, while being competitive with its prices. Golden Flake constantly tests the quality of its products for comparison with other similar products of competitors and maintains tight quality controls over its products.

### EMPLOYEES

Golden Flake employs approximately 1,095 employees. Approximately 643 employees are involved in route sales and sales supervision, approximately 306 are in production and production supervision, and approximately 146 are management and administrative personnel.

Golden Flake believes that the performance and loyalty of its employees are the most important factors in the growth and profitability of its business. Since labor costs represent a significant portion of Golden Flake's expenses,

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employee productivity is important to profitability. Golden Flake considers its relations with its employees to be excellent.

Golden Flake has a 401(k) Profit Sharing Plan and an Employee Stock Ownership Plan designed to reward the long term employee for his loyalty. In addition, the employees are provided medical insurance, life insurance, and an accident and sickness salary continuance plan. Golden Flake believes that its employee wage rates are competitive with those of its industry and with prevailing rates in its area of operations.

### OTHER MATTERS

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, are available via the Company's website. The website address is [www.goldenflake.com](http://www.goldenflake.com). All required reports are made available on the website as soon as reasonably practicable after they are electronically filed with the Securities and Exchange Commission.

### ENVIRONMENTAL MATTERS

There have been no material effects of compliance with government provisions regulating discharge of materials into the environment.

### RECENT DEVELOPMENTS

No significant changes have occurred in the kinds of products manufactured or in the markets of methods of distribution, and no material changes or developments have occurred in the business done and intended to be done by Golden Flake.

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### EXECUTIVE OFFICERS OF REGISTRANT AND ITS SUBSIDIARY

NAME AND AGE -----	POSITION AND OFFICES WITH MANAGEMENT -----
John S. Stein, 67	Mr. Stein is Chairman of the Board. He was elected Chairman in 1996. He served as Chief Executive Officer from 1991 to April 1998 and as President from 1985 to 1998 and from June 1, 2000 to May 31, 2001. Mr. Stein also served as President of Golden Flake Snack Foods, Inc. from 1976 to 1991. Mr. Stein retired as an employee of Golden Flake Company on May 31, 2002. Mr. Stein is elected Chairman annually and his present term will expire on May 31, 2005.
Mark W. McCutcheon, 49	Mr. McCutcheon is Chief Executive Officer and President of the Company. He was elected President and Chief Executive Officer of Golden Flake Company on April 4, 2001 and President of Golden Flake on June 1, 1998. He has been employed by Golden Flake since 1980. Mr. McCutcheon is elected Chief Executive Officer and President of the Company annually, and his present terms will expire on May 31, 2005.

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Patty Townsend, 46

Ms. Townsend is Chief Financial Officer, Vice President and S Golden Enterprises, Inc. and Controller of Golden Flake S Inc. a wholly owned subsidiary of the Company. She was ele Financial Officer, Vice-President and Secretary of the Compa 2004 and Controller of Golden Flake on March 15, 1997. S employed with the Company since 1988. Ms. Townsend is ele position on an annual basis, and her present term of office on May 31, 2005.

Randy Bates, 50

Mr. Bates is Executive, Vice-President of Sales, Marketing and Tra for Golden Flake. He has held these positions since Octobe Mr. Bates was Vice-President of Sales from October 1, 1994 to Bates has been employed by Golden Flake since March 1979. Mr elected to his positions on an annual basis, and his prese office will expire on May 31, 2005.

David Jones, 52

Mr. Jones is Executive Vice-President of Operations, Human Res Quality Control for Golden Flake. He has held these position 20, 2002. Mr. Jones was Vice-President of Manufacturing f 2002 and Vice-President of Operations from 2000 to 2002. Mr been employed by Golden Flake since 1984. Mr. Jones is ele positions on an annual basis, and his present term of office on May 31, 2005.

### ITEM 2. - PROPERTIES

The headquarters of the Company are located at One Golden Flake Drive, Birmingham Alabama 35205. The properties of the subsidiary are described below.

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#### GOLDEN FLAKE

##### MANUFACTURING PLANTS AND OFFICE HEADQUARTERS

The main plant and office headquarters of Golden Flake are located at One Golden Flake Drive, Birmingham, Alabama, and are situated on approximately 40 acres of land which is serviced by a railroad spur track. This facility consists of three buildings which have a total of approximately 300,000 square feet of floor area. The plant manufactures a full line of Golden Flake products. Golden Flake maintains a garage and vehicle maintenance service center from which it services, maintains, repairs and rebuilds its fleet and delivery trucks. Golden Flake has adequate employee and fleet parking.

Approximately 17 acres of the Birmingham property is undeveloped. This property is zoned for industrial use and is readily available for future use. Plans for the utilization of this property have not been finalized.

Golden Flake also has a manufacturing plant in Ocala, Florida. This plant was placed in service in November 1984. The plant consists of approximately 100,000 square feet, with allowance for future expansion, and is located on a 28-acre site on Silver Springs Boulevard. The Company manufactures corn chips, tortilla chips and potato chips from this facility.

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The manufacturing plants, office headquarters and additional lands are owned by Golden Flake free and clear of any debts.

### DISTRIBUTION WAREHOUSES

Golden Flake owns branch warehouses in Birmingham, Montgomery, Midfield, Demopolis, Fort Payne, Muscle Shoals, Huntsville, Phenix City, Tuscaloosa, Mobile, Dothan and Oxford, Alabama; Gulfport and Jackson, Mississippi; Chattanooga, Knoxville, and Memphis, Tennessee; Decatur, Marietta, and Macon Georgia; Jacksonville, Panama City, Tallahassee and Pensacola, Florida; Baton Rouge and New Orleans, Louisiana; and Little Rock, Arkansas. The warehouses vary in size from 2,400 to 8,000 square feet. All distribution warehouses are owned free and clear of any debts.

### VEHICLES

Golden Flake owns a fleet of 866 vehicles which includes 632 route trucks, 43 tractors, 123 trailers and 68 cars and miscellaneous vehicles. There are no liens or encumbrances on Golden Flake's vehicle fleet. Golden Flake also owns a 1987 Cessna Citation II aircraft.

### ITEM 3. - LEGAL PROCEEDINGS

There are no material pending legal proceedings against the Company or its subsidiary other than ordinary routine litigation incidental to the business of the Company and its subsidiary.

### ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.

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### PART II

### ITEM 5. - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

### MARKET AND DIVIDEND INFORMATION

The Company's common stock is traded in the over-the-counter market under the "NASDAQ" symbol, GLDC, and transactions are reported through the National Association of Securities Dealers Automated Quotation (NASDAQ) National Market System. The following tabulation sets forth the high and low sale prices for the common stock during each quarter of the fiscal years ended May 31, 2004 and 2003 and the amount of dividends paid per share in each quarter. The Company currently expects that comparable regular cash dividends will be paid in the future.



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QUARTER -----	MARKET PRICE	
	HIGH ----	LOW ---
FISCAL 2004		
First .....	\$2.890	\$2.150
Second .....	2.750	2.370
Third .....	3.500	2.340
Fourth .....	3.430	2.400
FISCAL 2003		
First .....	\$4.490	\$3.710
Second .....	5.530	2.760
Third .....	4.100	2.160
Fourth .....	2.500	1.640

As of August 6, 2004, there were approximately 1,500 shareholders of record.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.

The following table provides Equity Compensation Plan information under which equity securities of the Registrant are authorized for issuance:

EQUITY COMPENSATION PLAN INFORMATION

Plan category	(a) Number of securities to be issued upon exercise of out- standing options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Nu av un (e co
Equity compensation plans approved by security holders	369,000	\$3.776	
Equity compensation plans not approved by security holders	0	0	
Total	369,000	\$3.776	

ISSUER PURCHASES OF EQUITY SECURITIES

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The following table provides information of the repurchase by the Company of shares of its common stock during the fourth quarter of fiscal year ended May 31, 2004:

Period	(a) Total Number of Shares Purchased	(b) Average Price paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
March 1 to March 31	-0-	-0-	-0-	-0-
April 1 to April 30	30,475 (1)	\$3.00 (1)	-0-	-0-
May 1 to May 31	-0-	-0-	-0-	-0-
<b>Total</b>	<b>30,475</b>	<b>\$3.00</b>	<b>-0-</b>	<b>-0-</b>

(1) On April 21, 2004, the Company purchased 30,475 shares of its common stock for \$3.00 per share through a private purchase transaction.

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### ITEM 6 - SELECTED FINANCIAL DATA

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

FINANCIAL REVIEW (DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	2004	2003 Restated	2002 Restated	2001 Restated
Net sales (b) .....	\$ 97,583	\$ 96,604	\$ 104,335	\$ 102,000
Gain on sales of assets .....	14	304	756	1,000
Other income .....	499	506	563	1,000

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Total revenues .....	8,096	97,414	105,694	104
Cost of sales .....	51,243	50,748	54,326	53
Selling, general and administrative expenses .....	46,595	47,686	47,653	46
Interest .....	220	269	189	
Restructuring charge .....	--	--	--	
(Loss) income before cumulative effect of a change in accounting policy and income taxes .....	38	(1,289)	3,486	4
Federal and state income taxes .....	84	(361)	1,367	1
Net (loss) income before cumulative effect of a change in accounting policy .....	(46)	(928)	2,119	2
Cumulative effect of a change in accounting policy net of taxes .....	--	--	413	
Net (loss) income .....	\$ (46)	\$ (928)	\$ 2,532	\$ 2

FINANCIAL DATA

Depreciation and amortization .....	\$ 2,347	\$ 2,490	\$ 2,594	\$ 2
Capital expenditures, net of disposals .....	829	287	3,802	1
Working capital .....	6,697	8,818	10,989	12
Long-term debt .....	2,327	3,862	5,083	1
Stockholders' equity .....	22,456	24,078	27,233	27
Total assets .....	33,623	36,492	40,840	40

COMMON STOCK DATA

Net (loss) income before cumulative effect of a change in accounting policy .....	\$ (0.00)	\$ (0.08)	\$ 0.18	\$
Cumulative effect of a change in accounting policy net of taxes .....	--	--	0.03	
Basic and diluted net (loss) income ..	(0.00)	(0.08)	0.21	
Dividends .....	.1250	.1875	0.25	
Book value .....	1.89	2.20	2.29	
Price range .....	3.50-2.15	5.530-1.640	4.550-2.950	4.750-2

FINANCIAL STATISTICS

Current ratio .....	1.84	2.09	2.37	
Net (loss) income as percent of total revenues .....	0.00%	(1.0)%	2.4%	
Net (loss) income as percent of stockholders' equity (a) .....	(0.00)%	(5.1)%	10.1%	

OTHER DATA

Weighted average common shares outstanding .....	11,879,891	11,883,305	11,898,097	11,965
Common shares outstanding at year end .....	11,852,830	11,883,305	11,883,305	11,932
Approximate number of stockholders .....	1,500	1,500	1,500	1

(a) Average amounts at beginning and end of fiscal year.

(b) Reflects on all periods presented, the effect on revenues of adopting the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board issue No. 01-9 Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) (EITF 01-9)

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Golden Enterprises  
Selected Financial Data

The 2004 Restatement adjustments affecting the years 2001 and 2000 are set forth in the following table:

	2001		Pre Re
	As Previously Reported	As Restated	
Income statement data;			
Net sales	\$ 102,797	102,797	\$
Net Income	2,700	2,653	
Basic and diluted net income per share	0.23	0.22	
Financial position data (at May 31):			
Total assets	\$ 39,247	40,243	\$
Stockholders' equity	29,800	27,865	

The 2004 restatement adjustments affecting the years 2001 and 2000 are adjustments with respect to self insurance accruals and accrued compensated absences, as described in "Item 8. Financial Statements - Note 2. Restatement of Previously Issued Financial Statements."

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ITEM 7. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in this Item 7 has been revised to reflect the May 31, 2003 10-K/A Amendment No. 1 "Restatement."

The purpose of this discussion is to provide additional information about Golden Enterprises, Inc., its financial condition and the results of its operations. Readers should refer to the consolidated financial statements and other financial data presented throughout this report to fully understand the following discussion and analysis.

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### RESTATEMENT

The Company has restated its consolidated balance sheet for the years ended May 31, 2003 and consolidated statements of operations, cash flows and retained earnings for the years ended May 31, 2003 and 2002 (the "2003" Restatement). The restatement affects periods prior to 2002. The impact of the restatement on such prior periods was reflected as an adjustment to retained earnings June 1, 2001. The restatement is reported in this Annual Report on Form 10-K for the year ending May 31, 2004 and will be reported in amendments to our Quarterly Reports on form 10-Q for its quarterly periods ended August 31, 2003, November 30, 2003 and February 29, 2004.

The restatement adjustment for years ended May 31, 2003 and 2002 resulted in a reduction in a previously reported net loss of approximately \$.5 million and a reduction in a previously reported net income of approximately \$.5 million respectively. Basic and diluted loss per share was reduced by \$.04 per share for fiscal 2003. Basic and diluted earnings per share declined \$.04 for fiscal year 2002. In addition, as a result of the cumulative effect of the restatement, retained earnings has been reduced by \$1.9 million and \$2.4 million as of May 31, 2003 and 2002 respectively. Also, as the result of the cumulative effect of the restatement of periods prior to 2002, the cumulative effect was to reduce opening retained earnings June 1, 2001 by approximately \$1.9 million. For a discussion of individual adjustment items, see "Item 8- Financial Statements- Note 2 Restatement."

### OVERVIEW

The Company manufactures and distributes a full line of snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings and buttered popcorn. The products are all packaged in flexible bags or other suitable wrapping material. The Company also sells a line of cakes and cookie items, canned dips, pretzels, peanut butter crackers, cheese crackers, dried meat products and nuts packaged by other manufacturers using the Golden Flake label.

No single product or product line accounts for more than 50% of the Company's sales, which affords some protection against loss of volume due to a crop failure of major agricultural raw materials. Raw materials used in manufacturing and processing the Company's snack food products are purchased on the open market and under contract through brokers and directly from growers. A large part of the raw materials used by the Company consists of farm commodities which are subject to precipitous changes in supply and price. Weather varies from season to season and directly affects both the quality and supply available. The Company has no control of the agricultural aspects and its profits are affected accordingly.

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The Company sells its products through its own sales organization and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States. The products are distributed by approximately 436 route representatives who are supplied with selling inventory by the Company's trucking fleet. All of the route representatives are employees of the Company and use the Company's direct-store delivery system.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and

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results of operations are based upon the Company's consolidated financial statements, the preparation of which in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that in certain circumstances affect amounts reported in the consolidated financial statements. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due considerations to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

### Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Sales are reduced by returns and allowances to customers.

In November 2001, the Emerging Issues Task Force reached a consensus on Issue No. 01-09 Accounting for Consideration given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) effective for annual or interim periods beginning after December 15, 2001. The issue addresses the recognition, measurement and income statement classification for certain sales incentives. The Company implemented this new accounting policy in the fourth quarter of fiscal 2002. The effect of this accounting change is to adopt this policy as of the beginning of the fiscal 2002 (June 1, 2001). Certain of these expenses, including slotting fees, previously classified as selling, general, and administrative expenses, are now characterized as offsets to net sales. Reclassifications have been made to prior period financial statements to conform to current year presentation. Total vendor sales incentives now characterized as reductions of net sales that previously would have been classified as selling, general and administrative expenses were approximately \$11.6 million, \$12.8 million and \$11.7 million for the years ended 2004, 2003 and 2002, respectively. There was no resulting impact on net operating results from adopting EITF 01-09.

### Change in Accounting Policy

The Company changed its accounting policy in the fourth quarter of fiscal 2002 with regard to slotting fees. The effect of this accounting change was to adopt this policy as of the beginning of fiscal 2002 (June 1, 2001). Previously, slotting fees were expensed as incurred. The Company changed this accounting policy to capitalize and amortize such costs over the expected benefit period, which is generally one year. This change in accounting policy was made to more closely match the cost of the shelf space obtained with the slotting fees with the revenues produced by the shelf space. The cumulative effect of this change in accounting policy resulted in a non-cash cumulative adjustment of \$413,401 (\$0.03 per share), net of taxes. The accounting change also increased net income before the cumulative effect in 2002 by \$197,141 (\$0.02 per share).

### Accounts Receivable

The Company records accounts receivable at the time revenue is recognized. Amounts for bad debt expense are recorded in selling, general and administrative expenses on the Consolidated Statements of Operations. The amount of the

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allowance for doubtful accounts is based on management's estimate of the accounts receivable amount that is uncollectible. Management records a general reserve based on analysis of historical data. In addition, management records specific reserves for receivable balances that are considered high-risk due to known facts regarding the customer. The allowance for bad debts is reviewed quarterly, and it is determined whether the amount should be changed. Failure of a major customer to pay the Company amounts owed could have a material impact on the financial statements of the Company. At May 31, 2004 and 2003 the Company had accounts receivables in the amount of \$7.5 million and \$7.8 million, net of an allowance for doubtful accounts of \$0.2 million and \$0.2 million, respectively.

### Inventories

Inventories are stated at the lower of cost or market. Cost is computed on the first-in, first out method.

### Accrued Expenses

Management estimates certain material expenses in an effort to record those expenses in the period incurred. The most material accrued estimates relate to a salary continuation plan for certain key executives of the Company, and to insurance-related expenses, including self-insurance. Workers' compensation and general liability insurance accruals are recorded based on insurance claims processed as well as historical claims experience for claims incurred, but not yet reported. These estimates are based on historical loss development factors. Employee medical insurance accruals are recorded based on medical claims processed as well as historical medical claims experienced for claims incurred but not yet reported. Differences in estimates and assumption could result in an accrual requirement materially different from the calculated accrual.

### OTHER MATTERS

Transactions with related parties, reported in Note 14 of the Notes to Consolidated Financial Statements, are conducted on an arm's-length basis in the ordinary course of business.

### LIQUIDITY AND CAPITAL RESOURCES

Working capital was \$6.7 million at May 31, 2004 compared to \$8.3 million at May 31, 2003. Net cash provided by operations amounted to \$2.9 million in fiscal year 2004, \$4.6 million in fiscal year 2003 and \$1.9 million in fiscal year 2002. The decrease in net cash provided by operations is primarily related to changes in receivables, inventories and accounts payable offset by the net loss for fiscal year 2004 of \$45,846 compared to the net loss for fiscal year 2003 of \$927,765.

Additions to property, plant and equipment, net of disposals were \$0.8 million, \$0.3 million and \$3.8 million in fiscal years 2004, 2003 and 2002, respectively, and are expected to be about \$1.9 million in 2005.

Cash dividends of \$1.5 million, \$2.2 million and \$3.0 million were paid during fiscal years 2004, 2003, and 2002, respectively. The quarterly dividend was reduced to \$.03125 from \$.0625 in the third quarter of fiscal 2003 in response to a decrease in earnings.

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The amount of cash used to purchase treasury shares in fiscal 2004 was \$0.09 million. No cash was used to purchase treasury shares in fiscal 2003 and \$0.2 million was used in 2002.

During fiscal 2004, the company re-paid debt, net of borrowings, of \$1.4 million.

The following table summarizes the significant contractual obligations of the Company as of May 31, 2004:

CONTRACTUAL OBLIGATIONS	TOTAL	2005	2006-2007	2008-2009
-----	-----	-----	-----	-----
Long-Term Debt	\$ 999,562	\$ 477,980	\$ 521,582	\$ -0-
Purchase Commitment	2,096,000	1,491,000	605,000	-0-
Salary Continuation Plan	1,901,567	95,948	216,448	253,870
	-----	-----	-----	-----
Total Contractual Obligations	\$ 4,997,129	\$ 2,064,928	\$ 1,343,030	\$ 253,870
	=====	=====	=====	=====

### Other Commitments

The Company had letters of credit in the amount of \$1,758,987 outstanding at May 31, 2004 to support the Company's commercial self-insurance program.

The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$1 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application.

Long-term liabilities as a percentage of total capitalization was 12.3% at May 31, 2004. The Company's current ratio at year end was 1.84 to 1.00.

Available cash, cash from operations and available credit under the line of credit are expected to be sufficient to meet anticipated cash expenditures and normal operating requirements for the foreseeable future.

### OPERATING RESULTS

Net sales increased by 1.0% in fiscal year 2004, decreased by 7.4% in fiscal year 2003, and increased by 1.5% in fiscal year 2002. The increase in fiscal 2004 was primarily due to less promotional payments to vendors that were subtracted from sales as required by EITF 01-9. The decrease in fiscal 2003 was due to a general sales weakness in the U.S. salty snacks category, particularly during the first part of the fiscal year.

Cost of sales as a percentage of net sales amounted to 52.5% in 2004, 52.5% in 2003, and 52.1% in 2002. Cost of sales stabilized in 2004 and the percentage increase in cost of sales for fiscal 2003 was caused by the lower sales volume and higher commodity prices and energy cost. The cost decrease in 2002 was due primarily to lower energy costs.



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Selling, general and administrative expenses were 47.7% of net sales in 2004, 49.4% in 2003, and 45.7% in 2002. The 1.7% decrease for fiscal 2004 is attributed to the increase in net sales and a decrease in vendor sales incentives. The higher percentage cost for fiscal 2003 was due to significant increases in employee medical, workers' compensation, general and auto liability insurance costs, and energy costs. The more favorable cost percentage for fiscal 2002 was primarily due to lower selling and delivery cost brought about by the exiting of the fringe sales regions in Central Florida as part of the fiscal 2000 restructuring plan.

The Company's effective tax rates for 2004, 2003, and 2002 were 221.3%, (27.9%) and 39.2%, respectively. Note 9 to the Consolidated Financial Statements provides additional information about the provision for income taxes.

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### OFF-BALANCE SHEET ARRANGEMENT

The Company entered into a five-year term product purchase agreement during the year ending May 31, 2001 with a supplier. Under the terms of the agreement the minimum purchase quantity and the purchase price were fixed resulting in a minimum first year commitment of approximately \$2,171,000. After the first year, the minimum purchase quantity was fixed and the purchase unit price, was negotiable based on the current market. The purchase product agreement as subsequently amended is described in more detail in Note 14 of the Notes to Consolidated Financial Statements.

### MARKET RISK

The principal market risks (i.e. the risk of loss arising from adverse changes in market rates and prices) to which the Company is exposed are interest rates on its cash equivalents, investment securities and bank loans, and commodity prices affecting the cost of its raw materials.

The Company's cash equivalents consist of short-term marketable securities. Presently these are variable rate money market funds. Its bank loans also carry variable rates. Assuming year end 2004 variable rate investment levels and bank loan balances, a one-point change in interest rates would impact interest income by \$1,520 and interest expense by \$9,996.

The Company is subject to market risk with respect to commodities because its ability to recover increased costs through higher pricing may be limited by the competitive environment in which it operates. The Company purchases its raw materials on the open market, under contract through brokers and directly from growers. Futures contracts have been used occasionally to hedge immaterial amounts of commodity purchases, but none are presently being used.

### INFLATION

Certain costs and expenses of the Company are affected by inflation, and the Company's prices for its products over the past several years have remained relatively flat. The Company will contend with the effect of further inflation through efficient purchasing, improved manufacturing methods, pricing, and by monitoring and controlling expenses.

### ENVIRONMENTAL MATTERS

There have been no material effects of compliance with government provisions regulating discharge of materials into the environment.

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### FORWARD-LOOKING STATEMENTS

This discussion contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those forward-looking statements. Factors that may cause actual results to differ materially include price competition, industry consolidation, raw material costs and effectiveness of sales and marketing activities, as described in the Company's filings with Securities and Exchange Commission.

### RECENT DEVELOPMENTS

The Company restated its previously issued financial statements for the three years ended May 31, 2003. The restatement affected periods prior to May 31, 2001. The impact of the restatement on such prior periods was reflected as an adjustment to opening retained earnings as of June 1, 2000. The restatement was reported in amendment No. 1 to the retained earnings as of June 1, 2000. The restatement was reported in amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended May 31, 2003. The Company also restated the Company's Quarterly Reports on Form 10-Q/A for the quarterly periods ended August 31, 2003, November 30, 2003 and February 29, 2004 with restated comparative information for comparative periods of the previous year.

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In connection with their audits of the restatement of previously issued annual financial statements and the consolidated financial statements for the year ended May 31, 2004, the Company's independent auditors identified and communicated to the Company and the Audit Committee "material weaknesses" (as defined under audit standards adopted by the Public Company Accounting Oversight Board) relating to the Company's accounting and public reporting of significant matters and management review and oversight of certain accounting matters.

In the past year, the Company undertook to review and analyze its internal audit program and has directed senior management to dedicate resources and take steps to strengthen controls. The company engaged the services of a third party consultant to assist in its review and analysis. The Company intends to identify and implement actions to improve the effectiveness of procedures and internal controls, including enhanced training with respect to financial reporting and disclosure responsibilities.

### RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

Effective June 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets to be held and used, to be disposed of other than by sale and to be disposed of by sale. The adoption of this standard did not have a material impact on the Company's financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." SFAS No 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Costs covered by SFAS No. 146 includes lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operations, plant closing or other exit or disposal activity. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. The Company adopted SFAS No. 146 on June 1, 2003 and the adoption of this standard did not have a

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material impact on the Company's consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has adopted the disclosure requirements of SFAS No. 148 effective May 31, 2003 in its consolidated financial statements. The Company will continue to account for stock-based compensation using the methods detailed in the stock-based compensation accounting policy as described earlier.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies the accounting and reporting for derivative instruments, including embedded derivatives, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 amends SFAS No. 133 to reflect the decisions made as part of the Derivatives Implementation Group and in other FASB projects or deliberations. SFA No. 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designed after June 30, 2003 and did not have an impact on the Company.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN No. 46), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 became effective February 1, 2003 for variable interest entities created after January 31, 2003, and July 31, 2003 for variable interest entities created prior to February 1, 2003. In December 2003, the FASB issued a revised FIN 46. The revised standard, FIN 46R, modifies or clarifies various provisions of FIN 46 and incorporates many FASB Staff Positions previously issued by the FASB. This standard replaces the original FIN 46 that was issued in January 2003. The adoption of these new standards did not have an impact on the Company's financial position, results of operations or cash flows.

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In December 2003, the FASB issued a revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." The revised SFAS No. 132 revised employers' disclosures about pension plans and other post retirement benefit plans. It did not change the measurement or recognition of those plans required by SFAS No. 87, "Employers' Accounting for Pensions," SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The revised SFAS No. 132 retains the disclosure requirements contained in the original SFAS No. 132. It requires additional disclosures to those in the original SFAS No. 132 about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The adoption of this new standard did not have an impact on the Company's financial position, results of operations or cash flows.

In December 2003, the SEC released Staff Accounting Bulletin ("SAB") 104.

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SAB 104 revises or rescinds portions of the interpretative guidance included in SEC Topic 13, "Revenue Recognition," in order to make this interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. The principal revisions relate to the rescission of material no longer necessary because of private sector developments in U.S. generally accepted accounting principles. SAB 104 also rescinds the Revenue Recognition in Financial Statements Frequently Asked Questions and Answers document issued in conjunction with Topic 13. Selected portions of that document have been incorporated into Topic 13. The adoption of this new standard did not have an impact on the Company's financial position, results of operations or cash flows.

### ITEM 7 A.- QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations- Market Risk beginning on page 16.

### ITEM 8.- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the registrant and its subsidiary for the year ended May 31, 2004, consisting of the following, are contained herein:

Consolidated Balance Sheets	- May 31, 2004 and 2003
Consolidated Statements of Operations	- Years ended May 31, 2004, 2003 and 2002
Consolidated Statements of Cash Flows	- Years ended May 31, 2004, 2003 and 2002
Consolidated Statements of Changes in Stockholders' Equity	-Years ended May 31, 2004, 2003 and 2002
Notes to Consolidated Financial Statements	- Years ended May 31, 2004, 2003 and 2002
Quarterly Results of Operations	- Years ended May 31, 2004, and 2003

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### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and  
Board of Directors of  
Golden Enterprises, Inc.

We have audited the accompanying consolidated balance sheets of Golden Enterprises, Inc. and subsidiary as of May 31, 2004 and 2003, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended May 31, 2004. Our audits also included the financial statement schedule listed at Item 16(a)2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated

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financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Golden Enterprises, Inc. and subsidiary as of May 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 31, 2004, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, such financial statement schedule, when considering in relation to the basic consolidated financial statements, taken as a whole, presents fairly, in all material respects, the information set forth therein.

As described in Note 2, Restatement of prior period financial statements, the Company has restated previously issued financial statements.

As discussed in Note 3 to the financial statements, effective June 1, 2001 the Company changed its accounting policy with respect to slotting fees.

Birmingham, Alabama  
July 21, 2004

DUDLEY, HOPTON-JONES, SIMS & FREEMAN, PLLP

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### GOLDEN ENTERPRISES, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS May 31, 2004 and 2003

#### ASSETS

	2004	Restated 2003
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents .....	\$ 565,195	\$ 1,278,333
Receivables:		
Trade accounts .....	7,445,741	7,835,874
Other .....	231,410	206,480
	-----	-----
	7,677,151	8,042,354
Less: Allowance for doubtful accounts	185,000	196,100

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	-----	-----
Notes receivable, current .....	7,492,151	7,846,254
	45,760	42,253
	-----	-----
	7,537,911	7,888,507
	-----	-----
Inventories:		
Raw materials .....	1,198,534	1,016,050
Finished goods .....	2,504,515	2,289,145
	-----	-----
	3,703,049	3,305,195
	-----	-----
Prepaid expenses .....	2,292,943	2,881,121
Deferred income taxes .....	618,803	652,153
	-----	-----
Total current assets .....	14,717,901	16,005,309
	-----	-----
PROPERTY, PLANT AND EQUIPMENT		
Land .....	3,030,974	3,030,974
Buildings .....	16,925,279	16,897,204
Machinery and equipment .....	35,159,507	41,478,108
Transportation equipment .....	15,170,308	15,113,558
	70,286,068	76,519,844
Less: Accumulated depreciation .....	56,439,726	61,158,271
	-----	-----
	13,846,342	15,361,573
	-----	-----
OTHER ASSETS		
Notes receivable, long-term .....	1,819,986	1,865,747
Cash surrender value of life insurance	2,648,567	2,762,739
Other .....	589,760	496,175
	-----	-----
Total other assets .....	5,058,313	5,124,661
	-----	-----
TOTAL .....	\$33,622,556	\$36,491,543
	=====	=====

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LIABILITIES AND STOCKHOLDERS' EQUITY

	2004	Restated 2003
	-----	-----
CURRENT LIABILITIES		
Checks outstanding in excess of bank balances .....	\$ 1,293,534	\$ 1,157,108
Accounts payable .....	1,816,879	1,700,934
Current portion of long-term debt .....	477,980	432,142
Other accrued expenses .....	4,334,798	4,289,448
Salary continuation plan .....	95,948	88,595
	-----	-----
Total current liabilities .....	8,019,139	7,668,227

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LONG-TERM LIABILITIES		
Note payable - bank, non-current .....	521,582	1,990,767
Salary continuation plan .....	1,805,619	1,870,991
Deferred income taxes .....	820,432	884,033
	-----	-----
Total long-term liabilities .....	3,147,633	4,745,791
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock - \$.66 2/3 par value:		
Authorized 35,000,000 shares;		
issued 13,828,793 shares .....	9,219,195	9,219,195
Additional paid-in capital .....	6,497,954	6,497,954
Retained earnings .....	17,363,237	18,893,553
Treasury shares - at cost (1,975,963 shares in 2004 and 1,945,488 shares in 2003) .....	(10,624,602)	(10,533,177)
	-----	-----
Total stockholders' equity .....	22,455,784	24,077,525
	-----	-----
TOTAL .....	\$ 33,622,556	\$ 36,491,543
	=====	=====

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
Years Ended May 31, 2004, 2003 and 2002

	2004	Restated 2003
	-----	-----
Net sales .....	\$ 97,583,493	\$ 96,604,461
Cost of sales .....	51,243,037	50,747,626
	-----	-----
Gross margin .....	46,340,456	45,856,835
Selling, general and administrative expenses .....	46,595,519	47,686,174
	-----	-----
Operating (loss) income .....	(255,063)	(1,829,339)
	-----	-----
Other income (expenses):		
Gain on sale of assets .....	13,861	304,221
Interest expense .....	(219,608)	(268,489)
Other income .....	498,613	506,296
	-----	-----
Total other income (expenses) .....	292,866	542,028
	-----	-----

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Income (Loss) income before cumulative effect of a change in accounting policy and income taxes .....	37,803	(1,287,311)
Provision for income taxes .....	83,649	(359,546)
Net (loss) income before cumulative effect of a change in accounting policy .....	(45,846)	(927,765)
Cumulative effect of a change in accounting policy, net of taxes of \$262,037 .....	--	--
Net (loss) income .....	\$ (45,846)	\$ (927,765)
PER SHARE OF COMMON STOCK		
Net (loss) income before cumulative effect of a change in accounting policy .....	\$ --	\$ (0.08)
Cumulative effect of a change in accounting policy, net of taxes .....	--	--
Basic earnings .....	\$ --	\$ (0.08)
Diluted earnings .....	\$ --	\$ (0.08)

See Accompanying Notes to Consolidated Financial Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
Years Ended May 31, 2004, 2003 and 2002

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares
	-----	-----	-----	-----
Balance - May 31, 2001 as restated ...	\$9,219,195	6,499,554	22,491,346	(10,345,168)
Net income - 2002 .....	--	--	2,532,105	--
Cash dividends paid .....	--	--	(2,974,005)	--
Treasury shares purchased .....	--	--	--	(193,419)
Stock options exercised .....	--	(1,600)	--	5,410
Balance - May 31, 2002 as restated	9,219,195	6,497,954	22,049,446	(10,533,177)
Net loss - 2003 .....	--	--	(927,765)	--
Cash dividends paid .....	--	--	(2,228,128)	--



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Balance - May 31, 2003 as restated	\$9,219,195	\$ 6,497,954	\$ 18,893,553	\$ (10,533,177)
Net loss - 2004 .....	--	--	(45,846)	--
Cash dividends paid .....	--	--	(1,484,470)	--
Treasury shares purchased .....	--	--	--	(91,425)
Balance - May 31, 2004 .....	\$9,219,195	\$ 6,497,954	\$ 17,363,237	\$ (10,624,602)

See Accompanying Notes to Consolidated  
Financial Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended May 31, 2004, 2003 and 2002

	2004	Restated 2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income .....	\$ (45,846)	\$ (927,765)
Adjustment to reconcile net (loss) income to net cash provided by operating activities:		
Cumulative effect of a change in accounting policy .....	--	--
Depreciation .....	2,346,880	2,490,329
Deferred income taxes .....	(30,251)	1,433
Gain on sale of property and equipment .....	(13,861)	(304,221)
Decrease (increase) in receivables - net .....	354,103	1,570,347
Decrease (increase) in inventories .....	(397,854)	1,443,303
Decrease (increase) in prepaid expenses .....	588,178	783,358
Decrease in cash surrender value of insurance .....	114,172	22,597
Increase in other assets .....	(93,585)	(19,214)
Increase (decrease) in accounts payable .....	115,945	(488,795)
Increase in accrued expenses .....	45,350	60,940
(Decrease) increase in salary continuation plan .....	(58,019)	(54,805)
Net cash provided by operating activities .....	2,925,212	4,577,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment .....	(973,076)	(851,111)
Proceeds from sale of property, plant and equipment .....	155,288	399,690
Collection of notes receivable .....	42,254	119,636
Investment securities available-for-sale:		
Proceeds from disposals .....	--	--
Net cash used in investing activities .....	(775,534)	(331,785)

See Accompanying Notes to Consolidated  
Financial Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED  
Years Ended May 31, 2004, 2003 and 2002

	2004	Restated 2003
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds .....	10,304,286	11,543,824
Debt repayments .....	(11,727,633)	(13,121,345)
Increase (decrease) in checks outstanding in excess of bank balances .....	136,426	535,782
Purchases of treasury shares .....	(91,425)	--
Proceeds from exercise of stock options .....	--	--
Cash dividends paid .....	(1,484,470)	(2,228,128)
	-----	-----
Net cash used in financing activities .....	(2,862,816)	(3,269,867)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	(713,138)	975,855
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR .....	1,278,333	302,478
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR .....	\$ 565,195	\$ 1,278,333
	=====	=====
SUPPLEMENTAL INFORMATION		
Cash paid during the year for:		
Income taxes .....	\$ (430,216)	\$ (626,349)
Interest .....	219,608	268,489
Noncash items:		
Equipment traded in .....	--	22,123

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
May 31, 2004, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Golden Enterprises, Inc. and subsidiary ("Company") conform to accounting principles generally accepted in the United States of America and to general principles within the snack foods industry. The following is a description of the more significant accounting policies:

NATURE OF THE BUSINESS

The Company manufactures and distributes a full line of snack items that are

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sold through its own sales organization and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States.

### CONSOLIDATION

The consolidated financial statements include the accounts of Golden Enterprises, Inc. and its wholly-owned subsidiary, Golden Flake Snack Foods, Inc., (the "Company"). All significant intercompany transactions and balances have been eliminated.

### REVENUE RECOGNITION

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Sales are reduced by returns and allowances to customers.

### REVENUE CLASSIFICATION CHANGES

In November 2001, the Emerging Issues Task Force reached a consensus on Issue No. 01-09 Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) effective for annual or interim periods beginning after December 15, 2001. The issue addresses the recognition, measurement and income statement classification for certain sales incentives. The Company implemented this new accounting policy in the fourth quarter of fiscal 2002. The effect of this accounting change is to adopt this policy as of the beginning of the fiscal 2002 (June 1, 2001). Certain of these expenses, including slotting fees, previously classified as selling, general, and administrative expenses, are now characterized as offsets to net sales. Reclassifications have been made to prior period financial statements to conform to current year presentation. Total vendor sales incentives now characterized as reductions of net sales that previously would have been classified as selling, general and administrative expenses were approximately \$11.6 million, \$12.8 million and \$11.7 million for the years ended 2004, 2003 and 2002, respectively. There was no resulting impact on net operating results from adopting EITF 01-09.

### CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

### INVENTORIES

Inventories are stated at the lower of cost or market. Cost is computed on the first-in, first-out method.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
May 31, 2004, 2003 and 2002

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. For financial reporting purposes, depreciation and amortization have been provided principally on the straight-line method over the estimated useful lives of the respective assets. Accelerated methods are used for tax purposes.

Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for renewals and betterments are capitalized and written off by depreciation and amortization charges. Property retired or sold is removed from

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the asset and related accumulated depreciation accounts and any profit or loss resulting therefrom is reflected in the statements of operations.

### SELF-INSURANCE

The Company is self-insured for certain losses relating to automobile liability, general liability, workers' compensation, property losses and medical claims. The Company also has stop loss coverage to limit the exposure arising from these claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon management's estimates of the aggregate liability for uninsured claims incurred. Automobile liability, general liability, workers' compensation, and property losses costs are covered by letters of credit with the Company's claims administrators.

### ADVERTISING

The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses in the Consolidated Statement of Operations. Advertising expense amounted to \$4,452,926, \$5,031,409 and \$4,371,719 for the fiscal years 2004, 2003 and 2002, respectively.

### INCOME TAXES

Deferred income taxes are provided using the liability method to measure tax consequences resulting from differences between financial accounting standards and applicable income tax laws. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on date of enactment.

### SEGMENT INFORMATION

The Company does not identify separate operating segments for management reporting purposes. The results of operations are the basis on which management evaluates operations and makes business decisions. The Company's sales are generated primarily within the Southeastern United States.

### STOCK OPTIONS

The Company applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for all stock option plans. No stock-based compensation cost has been recognized in operations for stock options granted because the option exercise price was equal to or more than the market price of the underlying common stock on the date of grant.

SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," requires the Company to provide pro forma information regarding net income (loss) as if the compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS No. 123. To provide the required pro forma information, the Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model.

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The following table represents the pro forma effect on net income (loss) and earnings (loss) per share as if the Company had applied the fair value based method recognition provisions of SFAS No 123 to stock-based employee compensation:

	Years Ended May 31,		
	2004	Restated 2003	Restated 2002
Net (loss) income as reported .....	\$ (45,846)	\$ (927,765)	\$ 2,532,1
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects .....	(12,291)	(12,660)	(52,2
Pro forma net (loss) income .....	\$ (58,137)	(940,425)	2,479,8
<hr/>			
(Loss) earnings per share:			
Basic - as reported .....	\$ --	\$ (0.08)	\$ .
Basic - Pro forma .....	\$ --	\$ (0.08)	\$
Diluted - as reported .....	\$ --	\$ (0.08)	\$ .
Diluted - Pro forma .....	\$ --	\$ (0.08)	\$ .

### SHIPPING AND HANDLING COSTS

Shipping and handling costs, which include salaries and vehicle operations expenses relating to the delivery of products to customers by the Company are classified as Selling, General and Administrative (SG&A) expenses. Shipping and handling costs classified as SG&A amounted to \$2.3 million, \$2.3 million and \$2.5 million for the fiscal years 2004, 2003 and 2002, respectively.

### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development or normal use of assets. The Company adopted SFAS No. 143 on June 1, 2003 and the adoption did not have a material impact on the Company's consolidated financial statements.

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### GOLDEN ENTERPRISES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED May 31, 2004, 2003 and 2002

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Effective June 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets to be held and used, to be disposed of other than by sale and to be disposed of by sale. The adoption of this standard did not have a material impact on the Company's financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." SFAS No 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Costs covered by SFAS No. 146 includes lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operations, plant closing or other exit or disposal activity. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. The Company adopted SFAS No. 146 on June 1, 2003 and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has adopted the disclosure requirements of SFAS No. 148 effective May 31, 2003 in its consolidated financial statements. The Company will continue to account for stock-based compensation using the methods detailed in the stock-based compensation accounting policy as described earlier.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies the accounting and reporting for derivative instruments, including embedded derivatives, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 amends SFAS No. 133 to reflect the decisions made as part of the Derivatives Implementation Group and in other FASB projects or deliberations. SFA No. 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designed after June 30, 2003 and did not have an impact on the Company.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN No. 46), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 became effective February 1, 2003 for variable interest entities created after January 31, 2003, and July 31, 2003 for variable interest entities created prior to February 1, 2003. In December 2003, the FASB issued a revised FIN 46. The revised standard, FIN 46R, modifies or clarifies various provisions of FIN 46

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and incorporates many FASB Staff Positions previously issued by the FASB. This standard replaces the original FIN 46 that was issued in January 2003. The adoption of these new standards did not have an impact on the Company's financial position, results of operations or cash flows.

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### GOLDEN ENTERPRISES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED May 31, 2004, 2003 and 2002

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In December 2003, the FASB issued a revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." The revised SFAS No. 132 revised employers' disclosures about pension plans and other postretirement benefit plans. It did not change the measurement or recognition of those plans required by SFAS No. 87, "Employers' Accounting for Pensions," SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The revised SFAS No. 132 retains the disclosure requirements contained in the original SFAS No. 132. It requires additional disclosures to those in the original SFAS No. 132 about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The adoption of this new standard did not have an impact on the Company's financial position, results of operations or cash flows.

In December 2003, the SEC released Staff Accounting Bulletin ("SAB") 104. SAB 104 revises or rescinds portions of the interpretative guidance included in SEC Topic 13, "Revenue Recognition," in order to make this interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. The principal revisions relate to the rescission of material no longer necessary because of private sector developments in U.S. generally accepted accounting principles. SAB 104 also rescinds the Revenue Recognition in Financial Statements Frequently Asked Questions and Answers document issued in conjunction with Topic 13. Selected portions of that document have been incorporated into Topic 13. The adoption of this new standard did not have an impact on the Company's financial position, results of operations or cash flows.

#### RECLASSIFICATIONS

Certain items included in prior years' consolidated financial statements have been reclassified to conform to current year presentation.

#### NOTE 2 - RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

Prior period financial statements have been restated to reflect adjustments to the Company's financial information previously reported on Form 10-K for the years ended May 31, 2003, and 2002. The Company's 2003 quarterly information and comparative 2002 information has also been restated to reflect adjustments to the Company's previously reported financial information on Form 10-Q. The restatement affected periods prior to 2002. The impact of the restatement on such prior periods has reflected as an adjustment to retained earnings as of June 1, 2001. In addition, the restatement impacts the first, second and third quarters of 2004. The restated amounts for these quarters are presented in Note 16, Quarterly Results of Operations (Unaudited). Each of the restatement

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adjustments is an "error" within the meaning of APB Opinion 20, Accounting Changes.

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003, and 2002

NOTE 2 - RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS - CONTINUED

The Following table presents the impact of the restatement adjustments on net earnings for the years ended May 31, 2003, 2002 and retained earnings as of June 1, 2001:

	Year Ended May 31,		Retained Earnings June 1,
	2003	2002	2001
Net (loss) income as originally reported	\$ (1,412,145)	\$ 3,008,948	\$24,426,345
Adjustments (pretax):			
Self-insurance liability	669,136	(523,974)	(1,445,533)
Compensated absences	47,826	8,398	(1,609,890)
Other Items	237,373	(237,373)	--
Total Adjustments (pretax)	954,335	(752,949)	(3,055,423)
Tax effect of restatement adjustments	(469,955)	276,106	1,120,424
Total net adjustments	484,380	(476,843)	(1,934,999)
Net (loss) income as restated	\$ (927,765)	\$ 2,532,105	\$22,491,346
Per share of Common Stock:			
Net Loss- Basic as originally reported	\$ (0.12)	\$ 0.25	
Effect of net adjustments	0.04	(0.04)	
Net (loss) income - Basic as restated	\$ (0.08)	0.21	
Net (loss) income - Diluted as originally reported	\$ (0.12)	\$ 0.25	
Effect of net adjustments	0.04	(0.04)	
Net (loss) income - Diluted as restated	\$ (0.08)	\$ 0.21	



GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003, and 2002

NOTE 2 -RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS - CONTINUED

Self-Insurance liability: The Company determined that there had been an error in its accounting for self-insurance related liabilities. The adjustments required included recognition of previously unrecorded liabilities and reductions in amounts previously recognized as prepaid amounts to an employee trust which were incorrect.

Compensated absences: The Company determined that it had not recorded liabilities for earned vacation not yet taken as required by GAAP.

Other items: This category includes adjustments previously identified but deemed to be immaterial. Adjustments in this category change the timing of the items that were previously recognized.

Income tax adjustments: As a result of the restatement adjustments, the Company recognized an additional federal and state deferred valuation allowance of \$120,000 in 2003. The remaining amounts pertain to the tax effects of the error correction themselves.

The following table sets forth the effects of the restatement adjustments discussed above on the Consolidated Statement of Operations for each of the years ended May 31, 2003 and 2002.

	Year Ended May 31, 2003		Year Ended
	As Originally Reported	As Restated	As Original Reported
Net sales	\$ 96,367,088	\$ 96,604,461	\$104,572,60
Cost of goods sold	51,191,313	50,747,626	54,257,81
Selling, general and administrative expenses	47,959,449	47,686,174	47,205,69
Other income (expenses)	542,028	542,028	1,129,48
(Loss) income before cumulative effect of a change in accounting policy and income taxes	(2,241,646)	(1,287,311)	4,238,58
Provision for income taxes	(829,501)	(359,546)	1,643,03
Net (loss) income before cumulative effect of a change in accounting policy	(1,412,145)	(927,765)	2,595,54
Cumulative effect of a change in accounting policy, net of taxes of \$262,037	--	--	413,40

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Net (loss) income	\$ (1,412,145)	\$ (927,765)	\$ 3,008,94
	=====	=====	=====
Net (loss) income per share- basic	\$ (0.12)	\$ (0.08)	\$ 0.2
Average shares outstanding	11,883,305	11,883,305	11,898,09
Net (loss) income per share- diluted	\$ (0.12)	\$ (0.08)	\$ 0.2
Average shares outstanding	11,883,305	11,883,305	11,900,89

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003, and 2002

NOTE 2 -RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS - CONTINUED

The following table sets forth the effects of the restatement adjustments discussed above on the Consolidated Balance Sheet at May 31, 2003.

	May 31, 2003	
	As Originally Reported	As Restated
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,278,333	\$ 1,278,333
Receivables:		
Trade accounts	7,835,874	7,835,874
Other	299,142	206,480
Allowance for doubtful accounts	(196,100)	(196,100)
Notes receivable, current	42,253	42,253
Inventories	3,305,195	3,305,195
Prepaid expenses	3,645,298	2,881,121
Deferred income taxes	--	652,153
	-----	-----
Total current assets	16,209,995	16,005,309
	-----	-----
Property, plant and equipment	15,361,573	15,361,573
Notes receivable, long-term	1,865,747	1,865,747
Cash surrender value of life insurance	2,762,739	2,762,739
Other	496,175	496,175
	-----	-----
TOTAL ASSETS	\$ 36,696,229	\$ 36,491,543
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Checks outstanding in excess of bank balances	\$ 1,157,108	\$ 1,157,108
Accounts payable	1,700,934	1,700,934
Current portion of long-term debt	432,142	432,142
Other accrued expenses	2,381,975	4,289,448
Deferred income taxes	304,698	--
Salary continuation plan	88,595	88,595
	-----	-----

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Total current liabilities	6,065,452	7,668,227
	-----	-----
Note payable - bank, non-current	1,990,767	1,990,767
Salary continuation plan	1,870,991	1,870,991
Deferred income taxes	764,032	884,033
	-----	-----
TOTAL LIABILITIES	10,691,242	12,414,018
STOCKHOLDERS' EQUITY		
Common stock - \$.66 2/3 par value:		
Authorized 35,000,000 shares;		
issued 13,828,793 shares	9,219,195	9,219,195
Additional paid-in capital	6,497,954	6,497,954
Retained earnings	20,821,015	18,893,553
Treasury shares - at cost (1,945,488 shares)	(10,533,177)	(10,533,177)
	=====	=====
TOTAL STOCKHOLDERS' EQUITY	26,004,987	24,077,525
	=====	=====
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 36,696,229	\$ 36,491,543

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003 and 2002

NOTE 3 - CHANGE IN ACCOUNTING POLICY

The Company changed its accounting policy in the fourth quarter of fiscal 2002 with regard to slotting fees. The effect of this accounting change was to adopt this policy as of the beginning of fiscal 2002 (June 1, 2001). Previously, slotting fees were expensed as incurred. The Company changed this accounting policy to capitalize and amortize such costs over the expected benefit period, which is generally one year. This change in accounting policy was made to more closely match the cost of the shelf space obtained with the slotting fees with the revenues produced by the shelf space. The cumulative effect of this change in accounting policy resulted in a noncash cumulative adjustment of \$413,401 (\$0.03 per share), net of taxes. The accounting change also increased net income before the cumulative effect in 2002 by \$197,141 (\$0.02 per share).

NOTE 4 - NOTES RECEIVABLE

Notes receivable as of May 31, 2004 and 2003 consist of the following:

	2004	2003
	-----	-----
8% note, due in 120 monthly installments of \$3,640 through November 1, 2010, collateralized by property .....	\$ 220,823	\$ 24,000

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8% note, due in 360 monthly installments of \$12,474 through November 1, 2030, collateralized by property .....	1,644,923	1,66
	-----	-----
	1,865,746	1,90
Less current portion .....	45,760	4
	-----	-----
	\$1,819,986	\$1,86
	=====	=====
Maturities at May 31,		
	2006 .....	\$ 49,558
	2007 .....	53,672
	2008 .....	58,126
	2009 .....	62,951
	2010 .....	68,176
	Thereafter .....	1,527,503

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
May 31, 2004, 2003 and 2002

NOTE 5 - PREPAID EXPENSES

At May 31, prepaid expenses consist of the following:

	2004	Restated 2003
	-----	-----
Prepaid slotting fees .....	\$ 376,295	\$ 333,79
Other prepaid expenses .....	1,916,648	2,547,32
	-----	-----
	\$2,292,943	\$2,881,12
	=====	=====

NOTE 6 - OTHER ACCRUED EXPENSES

At May 31, other accrued expenses consist of the following:

	2004	Restated 2003
	-----	-----
Accrued payroll .....	\$ 450,214	\$ 448,25
Self insurance liability .....	1,969,332	1,832,59
Accrued vacation .....	1,463,539	1,461,00
Other accrued expenses .....	451,713	547,60
	-----	-----
	\$4,334,798	\$4,289,44

=====

NOTE 7 - LINE OF CREDIT

The Company has a line of credit agreement with a local bank which permits borrowing up to \$1 million. The line of credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application.

NOTE 8 - LONG-TERM LIABILITIES

Long-term debt consist of the following:

	2004	2003
	-----	-----
Note payable - bank - payable in equal monthly installments of \$41,688 including interest at the LIBOR index rate plus 1.75% (2.85% at May 31, 2004) through April 3, 2011, secured by equipment	\$ 999,562	\$2,422,900
Less: current portion .....	477,980	432,140
	-----	-----
	\$ 521,582	\$1,990,760
	=====	=====

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003 and 2002

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Maturities at May 31,	
	2006 ..... \$491,782
	2007 ..... 29,800

Other long-term obligations at May 31, 2004 and 2003, consist of the following:

2004	2003
-----	-----

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Salary continuation plan .....	\$1,901,567	\$1,959,586
Less current portion .....	(95,948)	(88,595)
	-----	-----
	\$1,805,619	\$1,870,991
	=====	=====

The Company is accruing the present values of the estimated future retirement payments over the period from the date of the agreements to the retirement dates, for certain key executives. The Company recognized compensation expense of approximately \$30,576, \$27,000 and \$127,341 for fiscal 2004, 2003 and 2002, respectively.

NOTE 9 - INCOME TAXES

The provision for income taxes consists of the following:

	2004	Restated 2003	Restated 2002
	-----	-----	-----
Federal .....	\$ 101,350	\$ (320,635)	\$ 1,416,947
State .....	12,550	(40,342)	175,379
	-----	-----	-----
	113,900	(360,977)	1,592,326
Federal .....	(27,859)	1,272	(200,560)
State .....	(2,392)	159	(24,836)
	-----	-----	-----
	(30,251)	1,431	(225,396)
	-----	-----	-----
	\$ 83,649	\$ (359,546)	\$ 1,366,930
	=====	=====	=====

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003 and 2002

NOTE 9 - INCOME TAXES - CONTINUED

The effective tax rate for continuing operations differs from the expected tax using statutory rates. A reconciliation between the expected tax and actual tax follows:

	2004	Restated 2003	Restated 2002
	-----	-----	-----

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Tax on income at statutory rates .....	\$ 12,853	\$ (437,685)	\$1,185,116
(Decrease) increase resulting from:			
State income taxes, less Federal income tax effect .....	8,741	(26,894)	149,000
Tax exempt interest .....	(1,388)	(1,356)	(9,303)
Change in valuation allowance .....	55,000	120,000	--
Other - net .....	8,443	(13,611)	42,117
	-----	-----	-----
Total .....	\$ 83,649	\$ (359,546)	\$1,366,930

The tax effects of temporary differences that result in deferred tax assets and liabilities are as follows:

	2004	Restated 2003
	-----	-----
Deferred tax assets		
Salary continuation plan .....	\$ 697,305	\$ 718,000
Accrued vacation .....	536,680	536,680
Contribution carryforward .....	229,588	229,588
Inventory capitalization .....	65,688	65,688
Allowance for doubtful accounts .....	67,840	67,840
Other accrued expenses .....	86,582	86,582
	-----	-----
Gross deferred tax assets before valuation allowance .....	1,683,683	1,683,683
Less valuation allowance .....	(175,000)	(175,000)
	-----	-----
Total deferred tax assets .....	1,508,683	1,498,683
	-----	-----
Deferred tax liabilities		
Property and equipment .....	1,572,325	1,572,325
Prepaid expenses .....	137,987	137,987
	-----	-----
Total deferred tax liabilities .....	1,710,312	1,710,312
	-----	-----
Net deferred tax liability .....	\$ (201,629)	\$ (211,629)
	=====	=====

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
May 31, 2004, 2003 and 2002

NOTE 10 - EMPLOYEE BENEFIT PLANS

The Company has trustee "Qualified Profit-Sharing Plans" that were amended and restated effective June 1, 1996 to add a 401(k) salary reduction provision. Under this provision, employees can contribute up to fifteen percent of their compensation to the plan on a pretax basis subject to regulatory limits; and the Company, at its discretion, can match up to 4 percent of the participants' compensation. The annual contributions to the plans are determined by the Board of Directors. Total plan expenses for the years ended May 31, 2004, 2003 and 2002 were \$94,683, \$231,332, and \$177,405, respectively.

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The Company has an Employee Stock Ownership Plan that covers all full-time employees. The annual contributions to the plan are amounts determined by the Board of Directors of the Company. Annual contributions are made in cash or common stock of the Company. The Employee Stock Ownership Plan expenses for the years ended May 31, 2004, 2003 and 2002 were \$-0-. Each participant's account is credited with an allocation of shares acquired with the Company's annual contributions, dividends received on ESOP shares and forfeitures of terminated participants' nonvested accounts.

The Company has a salary continuation plan with certain of its key officers whereby monthly benefits will be paid for a period of fifteen years following retirement. The Company is accruing the present value of such retirement benefits until the key officers reach normal retirement age at which time the principal portion of the retirement benefits paid are applied to the liability previously accrued. The change in the liability for the Salary Continuation Plan is as follows:

	2004	2003
	-----	-----
Accrued Salary Continuation Plan - beginning of year .....	\$ 1,959,586	\$ 2,010,000
Benefits Accrued .....	30,576	2,000,000
Benefits Paid .....	(88,595)	(8,000,000)
Accrued Salary Continuation Plan - end of year .....	\$ 1,901,567	\$ 1,950,000
	=====	=====

NOTE 11 - LONG - TERM INCENTIVE PLANS

The Company has a long-term incentive plan currently in effect under which future stock option grants may be issued. This Plan (the 1996 Plan) is administered by the Stock Option Committee of the Board of Directors, which has sole discretion, subject to the terms of the Plan, to determine those employees, including executive officers, eligible to receive awards and the amount and type of such awards. The Stock Option Committee also has the authority to interpret the Plan, formulate the terms and conditions of award agreements and make all other determinations required in the administration thereof. All options outstanding at the end of the 2004, 2003, and 2002 are exercisable.

The 1996 Plan provides for the granting of Incentive Stock Options as defined under the Internal Revenue Code. Under the Plan, grants may be made to selected officers and employees, of incentive stock option with a term not exceeding ten years from the issue date and at a price not less than the fair market value of the Company's stock at the date of grant.



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NOTE 11 - LONG-TERM INCENTIVE PLANS - CONTINUED

Five hundred thousand shares of the Company's stock have been reserved for issuance under this Plan. The following is a summary of transactions:

Shares Under Option	2004		2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding - beginning of year .....	369,000	\$ 3.78	369,000	\$ 3.78
Granted .....	--	--	--	--
Exercised .....	--	--	--	--
Forfeited .....	--	--	--	--
Cancelled .....	--	--	--	--
Outstanding - end of year .....	369,000	\$ 3.78	369,000	\$ 3.78

Pro forma information regarding net income and earnings per share is presented as if the Company had accounted for its employees stock options under the fair value method. The per share weighted average fair value of the stock options granted during fiscal 2002 was \$.25. The fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate 5.05 percent; dividend yield 6.56 percent; expected option life of 5 years; and expected volatility of 15 percent. No options were granted during 2004 or 2003.

The Black-Scholes options pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect an option's fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of it employee stock options.

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NOTE 12 - NET INCOME PER SHARE

Basic earnings per common share are computed by dividing earnings available to stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects per share amounts that would have resulted if dilutive potential common stock equivalents had been converted to common stock, as prescribed by Statement of Financial Accounting Standards No. 128, "Earnings per Share". Options to purchase 369,000 shares of common stock at May 31, 2004 and 2003 were not included in the computation of diluted earnings per share because the options' exercise price were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. The following reconciles the information used to compute basic and diluted earnings per share:

	Average Co
	-----
	2004
Basic weighted average shares outstanding .....	11,879,891
Effect of options .....	--
	-----
Diluted shares	11,879,891
	=====

NOTE 13 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statement of Financial Accounting Standards No. 107, Disclosures About Fair Value of Financial Instruments requires disclosure of fair value information about financial instruments, whether or not recognized on the face of the balance sheet, for which it is practical to estimate that value. SFAS 107 defines fair value as the quoted market prices for those instruments that are actively traded in financial markets. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. The fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, such as estimates of timing and amount of expected future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains

The carrying amounts for cash and cash equivalents approximate fair value because of the short maturity, generally less than three months, of these instruments.

The fair value of notes receivable is estimated by using a discount rate that approximates the current rate for comparable notes. At May 31, 2004 and 2003 the aggregate fair value was approximately \$2,437,778 and \$2,507,357 compared to a carrying amount of \$1,865,746 and \$1,908,000, respectively.

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May 31, 2004, 2003 and 2002

## NOTE 13 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS -CONTINUED

The interest rate on the Company's bank debt is reset monthly to reflect the 30 day LIBOR rate. Consequently, the carrying value of the bank debt approximates fair value.

The carrying value of the Company's salary continuation plan and accrued liability approximates fair value because present value is used in accruing this liability.

The Company does not hold or issue financial instruments for trading purposes and has no involvement with forward currency exchange contracts.

## NOTE 14 - COMMITMENTS AND CONTINGENCIES

Rental expense was \$493,028 in 2004, \$498,031 in 2003, and \$547,742 in 2002. At May 31, 2004, the Company was obligated under certain operating leases for buildings, office space and equipment.

In May of 2004, the Company terminated a lease for equipment from a company which is principally owned by a major shareholder of Golden Enterprises, Inc. The lease was terminated through a purchase of the equipment for \$160,000.

The Company leases its airplane to a major shareholder of the Company for approximately \$20,000 per month. The lease provides for his personal use of the airplane for up to 100 flight hours per year and is for a term of one year with automatic renewal at the option of either party.

The Company had letters of credit in the amount of \$1,758,987 outstanding at May 31, 2004 to support the Company's commercial self-insurance program. The Company pays a commitment fee of 0.375% to maintain the letters of credit.

The Company entered into a five-year term product purchase commitment during the year ending May 31, 2001 with a supplier. Under the terms of the agreement the minimum purchase quantity and the unit purchase price were fixed resulting in a minimum first year commitment of approximately \$2,171,000. After the first year, the minimum purchase quantity was fixed and the purchase unit price was negotiable, based on current market. Subsequently, in September 2002, the product purchase agreement was amended to fix the purchase unit price and establish specific annual quantities. As of May 31, 2004 the Company's outstanding purchase commitments were as follows:

Years ending May 31,	Amount
-----	-----
2005 .....	\$1,491,000
2006 .....	605,000

The Company has entered into various other short term purchase commitments with suppliers for raw materials in the normal course of business.

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## GOLDEN ENTERPRISES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED May 31, 2004, 2003 and 2002

### NOTE 15 -CONCENTRATIONS OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

The Company maintains deposit relationships with high credit quality financial institutions. The Company's trade receivables result primarily from its snack food operations and reflect a broad customer base, primarily large grocery store chains located in the Southeastern United States. The Company routinely assesses the financial strength of its customers. As a consequence, concentrations of credit risk are limited.

The Company's notes receivable require collateral and buyer investment and management believes they are well secured.

### NOTE 16 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations of the years ended May 31, 2004 and 2003.

Quarter	RESTATED Net Sales	RESTATED Net (Loss) Income	RESTATED Per Share Net (Los Income
-----	-----	-----	-----
2004			
-----			
First .....	\$24,580,778	\$ 431,692	\$ 0.0
Second .....	23,296,981	(196,021)	(0.0)
Third .....	24,102,358	(606,028)	(0.0)
Fourth .....	25,603,376	324,511	0.0
	-----	-----	-----
For the year .....	\$97,583,493	\$ (45,846)	\$ -
	=====	=====	=====
2003			
-----			
First .....	\$24,840,321	\$ 222,230	\$ 0.0
Second .....	23,491,688	(385,437)	(0.0)
Third .....	24,021,750	(483,635)	(0.0)
Fourth .....	24,250,702	(280,923)	(0.0)
	-----	-----	-----
For the year .....	\$96,604,461	\$ (927,765)	\$ (0.0)
	=====	=====	=====

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 May 31, 2004, 2003 and 2002

NOTE 17 - SUPPLEMENTARY STATEMENT OF INCOME INFORMATION

The following tabulation gives certain supplementary statement of income information for continuing operations for the years ended May 31, 2004, 2003 and 2002:

	2004	2003	2002
	-----	-----	-----
Maintenance and repairs .....	\$5,914,221	\$5,625,851	\$5,290,498
Depreciation .....	2,346,880	2,490,329	2,593,621
Payroll taxes .....	2,241,443	2,337,330	2,473,871
Advertising costs .....	4,452,926	5,031,409	4,371,719

Amounts for other taxes, rents and research and development costs are not presented because each of such amounts is less than 1% of total revenues.

NOTE 18 - SUBSEQUENT EVENT

The Company signed a line of credit note with a financial institution with a limit of \$2,262,500 on July 6, 2004. The interest rate will be a monthly variable rate based on the LIBOR rate plus 1.75%. The purpose of the line of credit is to pay off the current line of credit and to purchase new vehicles. The line of credit note expires on November 30, 2004, at which time the Company plans to convert the line of credit into a note with a fixed monthly payment and maturity date which will be collateralized by the above equipment purchased.

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

SUPPLEMENTAL FINANCIAL INFORMATION

Selected quarterly financial data for the  
 fiscal years ended May 31, 2004 and 2003 (unaudited)

(Dollar amounts in thousands, except per share data)

For a description of the restatement items, which also affect the unaudited quarterly date, see Note 2, Restatement of Previously Issued Financial Statements, to these restated consolidated financial statements.

Restated

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2004	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$ 24,581	\$ 23,297	\$ 24,102	\$ 25,603
Income before income taxes	\$ 685	\$ (324)	\$ (976)	\$ 652
Net income	\$ 432	\$ (196)	\$ (606)	\$ 325
Net income per share	\$ .04	\$ (0.02)	\$ (0.05)	\$ .03
Cash dividends per share	\$ .0313	\$ .0313	\$ .0313	\$ .0313

As Originally Reported

2004	First Quarter	Second Quarter	Third Quarter
Total revenues	\$ 24,581	\$ 23,297	\$ 24,102
Income before income taxes	\$ 413	\$ (518)	\$ (887)
Net income	\$ 259	\$ (319)	\$ (550)
Net income per share	\$ .02	\$ (0.03)	\$ (0.05)
Cash dividends per share	\$ .0313	\$ .0313	\$ .0313

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Effect of restatement adjustments on previously issued 2004 Quarterly Financial Statements

2004	Quarter Ended		
	August 31 2003	Nov 30 2003	Feb 29 2004
Net Income (loss) as originally reported	\$ 259	\$ (319)	\$ (550)
Adjustments (pre-tax):			
Accrued vacation liability	--	(1)	(1)
Self insurance liability	273	195	(88)
Total adjustments (pre-tax)	273	194	(89)
Total taxes	100	71	(33)

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Total net adjustments	173	123	(56)
Net income as restated	\$ 432	\$ (196)	\$ (606)
Per share of Common Stock:			
Net income (loss)-Basic as originally reported	\$ 0.02	\$ (0.03)	\$ (0.05)
Effect of net adjustments	0.02	0.01	--
Net income-Basic as restated	\$ 0.04	\$ (0.02)	\$ (0.05)
Net income-Dilluted as originally reported	\$ 0.02	\$ (0.03)	\$ (0.05)
Effect of net adjustments	0.02	0.01	--
Net income-Dilluted as restated	\$ 0.04	\$ (0.02)	\$ (0.05)

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2003

Restated

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$ 24,840	\$23,492	\$ 24,022	\$ 24,251
Income before income taxes	\$ 346	\$ (624)	\$ (779)	\$ (230)
Net income	\$ 222	\$ (385)	\$ (484)	\$ (281)
Net income per share	\$ .02	\$ (0.03)	\$ (0.04)	\$ (0.02)
Cash dividends per share	\$ 0.0625	\$ .0625	\$ .0313	\$ .0313

2003

As Originally Reported

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$ 24,803	\$23,425	\$ 23,955	\$ 24,184
Income before income taxes	\$ (58)	\$ (618)	\$ (701)	\$ (865)
Net income	\$ (34)	\$ (382)	\$ (434)	\$ (562)
Net income per share	\$ 0.00	\$ (0.03)	\$ (0.04)	\$ (0.05)

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Cash dividends per share	=====	=====	=====	=====
	\$ 0.0625	\$ .0625	\$ .0313	\$ .0313
	=====	=====	=====	=====

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Effect of restatement adjustments on previously issued 2004 Quarterly Financial Statements

2003	Quarter Ended		
	August 31 2002	Nov 30 2002	Feb 2003
Net (loss) income as originally reported	\$ (34)	\$ (382)	\$ (4)
Adjustments (pre-tax):			
Accrued vacation liability	11	11	(1)
Self insurance liability	356	(84)	(1)
Other	37	68	
Total adjustments (pre-tax)	404	(5)	(1)
Total taxes	148	(2)	(1)
Total net adjustments	256	(3)	(1)
Net income as restated	\$ 222	\$ (385)	\$ (4)
Per share of Common Stock:			
Net income (loss)-Basic as originally reported	\$ --	\$ (0.03)	\$ (0.03)
Effect of net adjustments	0.02	--	--
Net income-Basic as restated	\$ 0.02	\$ (0.03)	\$ (0.03)
Net income-Dilluted as originally reported	\$ --	\$ (0.03)	\$ (0.03)
Effect of net adjustments	0.02	--	--
Net income-Dilluted as restated	\$ 0.02	\$ (0.03)	\$ (0.03)

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ITEM 9. - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS  
ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.



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### ITEM 9 A. - CONTROLS AND PROCEDURES

The Company performed an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the fiscal year ended May 31, 2004. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the fiscal year ended May 31, 2004, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that the Company files or submits under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the specified time periods.

During the performance of the audit for the fiscal year ended May 31, 2004, the Company's independent auditors, Dudley, Hopton-Jones, Sims & Freeman, PLLP (the "Auditor"), identified and communicated to the Company material weaknesses relating to the Company's accounting for its vacation pay (which was not in conformity with generally accepted accounting principles ("GAAP")) and self insured obligations. The Company was not accruing for earned vacation pay and its liabilities were understated for certain incurred as well as incurred but not reported self-insured casualty claims and health costs. Based upon the forgoing, the Company has restated its audited financial statements for fiscal year 2003 and for the first three quarters of fiscal year 2004 to properly account for accruals for its vacation pay and self-insured health and casualty obligations. The Company believed, during the years being restated, that it was correctly following proper accounting practices. For a full discussion of the restatements, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company has accepted the recommendations of its Auditor to reduce the recurrence of material weaknesses and is implementing policies and procedures to strengthen the Company's internal controls, including, among other things, the following: (1) developing written policies and procedures to be followed with respect to accounting for vacation pay and self-insured obligations; (2) formally designating management level personnel responsible for accounting for vacation pay and self-insured obligations; (3) expanding internal audit activities to include a quarterly examination of vacation pay and self-insured obligations; (4) implementing a fully developed actuarially based method of measuring liabilities related to self-insured obligations; and (5) implementing quarterly communications among management, internal auditor, and the Audit Committee prior to filing Forms 10-Q.

Other than as described above, there has not been any change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### ITEM 9 B. - OTHER INFORMATION

Not Applicable.

## PART III

### ITEM 10. - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

With the exception of information set forth under the caption "Executive Officers of the Registrant and Its Subsidiary" which appears in Part I of this Form 10-K on Page 5, the information required by this item is incorporated by reference to the sections entitled "Election of Directors," "Additional Information Concerning the Board of Directors," "Executive Compensation and Other Information" and "Code of Conduct and Ethics" of the Company's Proxy

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Statement for the 2004 Annual Meeting of Stockholders to be held September 23, 2004.

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### ITEM 11. - EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the sections entitled "Executive Compensation and Other Information" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders to be held September 23, 2004. See Item 5 of this Annual Report on Form 10-K for information concerning the Company's equity compensation plans.

### ITEM 12. - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Section 16(a) Beneficial Ownership Reporting Compliance," of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders to be held September 23, 2004.

### ITEM 13. - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference to the section entitled "Certain Transactions" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders to be held September 23, 2004.

### ITEM 14. - PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the section entitled "Independent Accountants" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders to be held September 23, 2004.

Prior to September 28, 2004, the Company will file a definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A which involves the election of directors.

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## PART IV

### ITEM 15.- EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) 1. and 2. LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of Golden Enterprises, Inc., and subsidiary required to be included in Item 8 are listed below:

Consolidated Balance Sheets - May 31, 2004 and 2003

Consolidated Statements of Operations- Years ended May 31, 2004, 2003, and 2002

Consolidated Statements of Changes in Stockholders' Equity- Years ended May

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31, 2004, 2003 and 2002

Consolidated Statements of Cash Flows- Years ended May 31, 2004, 2003 and 2002

Notes to Consolidated Financial Statements

The following consolidated financial statements schedule is included in Item 16 (d):

Schedule II- Valuation and Qualifying Accounts

All other schedules are omitted because the information required therein is not applicable, or the information is given in the financial statements and notes thereto.

Section 3. Exhibits.

(3) Articles of Incorporation and By-Laws of Golden Enterprises, Inc.

- 3.1 Certificate of Incorporation of Golden Enterprises, Inc. (originally known as "Golden Flake, Inc.") dated December 11, 1967.
- 3.2 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated December 22, 1976.
- 3.3 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1979 Form 10-K filed with the Commission).
- 3.4 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 4, 1979 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1980 Form 10-K filed with the Commission).
- 3.5 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 24, 1982 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1983 Form 10-K filed with the Commission).
- 3.6 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 22, 1983 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1983 filed with the Commission).
- 3.7 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 3, 1985 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1985 filed with the Commission).
- 3.8 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 23, 1987 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).
- 3.9 By-Laws of Golden Enterprises, Inc. (incorporated by reference to Exhibit 3.4 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).

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### (10) Material Contracts.

- 10.1 A Form of Indemnity Agreement executed by and between Golden Enterprises, Inc. and Each of Its Directors (incorporated by reference as Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1987 filed with the Commission).
- 10.2 Amended and Restated Salary Continuation Plans for John S. Stein (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1990 Form 10-K filed with the Commission).
- 10.3 Indemnity Agreement executed by and between the Company and J. Wallace Nall, Jr. (incorporated by reference as Exhibit 19.4 to Golden Enterprises, Inc. May 31, 1991 Form 10-K filed with the Commission).
- 10.4 Salary Continuation Plans - Retirement, Disability and Death Benefits for F. Wayne Pate (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.5 Indemnity Agreement executed by and between the Registrant and F. Wayne Pate (incorporated by reference as Exhibit 19.3 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.6 Golden Enterprises, Inc. 1996 Long-Term Incentive Plan (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 1997 Form 10-K filed with the Commission).
- 10.7 Lease of Aircraft executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Sloan Y. Bashinsky, Sr. (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 1999 Form 10-K filed with the Commission).
- 10.8 Equipment Purchase and Sale Agreement dated October 2000 whereby Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., sold the Nashville, Tennessee Plant Equipment (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 2001 Form 10-K filed with the Commission).
- 10.9 Real Property Contract of Sale dated October 2000 whereby Golden Flake Snack Foods, Inc. sold the Nashville, Tennessee Plant Real Property (incorporated by reference as Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2001 Form 10-K filed with the Commission).
- 10.10 Amendment to Salary Continuation Plans, Retirement and Disability for F. Wayne Pate dated April 9, 2002 (incorporated by reference to Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.11 Amendment to Salary Continuation Plans, Retirement and Disability for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.3 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

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- 10.12 Amendment to Salary Continuation Plan, Death Benefits for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.4 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.13 Retirement and Consulting Agreement for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.5 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.14 Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.6 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.15 Trust Under Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.7 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

(14) Code of Ethics

- 14.1 Golden Enterprises, Inc.'s Code of Conduct and Ethics adopted by the Board of Directors on April 8, 2004.

(21) Subsidiaries of the Registrant

(31) Certifications

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Exhibits. See (a) 3. above.

(c) Financial Statement Schedules. The response to this portion of Item 15, is submitted under Item 15(a) 1. and 2. above.

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

GOLDEN ENTERPRISES, INC.

BY /s/ PATTY TOWNSEND

AUGUST 26, 2004

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PATTY TOWNSEND  
 VICE PRESIDENT, SECRETARY AND  
 PRINCIPAL FINANCIAL OFFICER

DATE

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED:

SIGNATURE	TITLE	DATE
----- /S/ JOHN S. STEIN ----- JOHN S. STEIN	Chairman of Board	August 26, 2004
----- /S/ MARK W. MCCUTCHEON ----- MARK W. MCCUTCHEON	Chief Executive Officer, President and Director	August 26, 2004
----- /S/ PATTY TOWNSEND ----- PATTY TOWNSEND	Vice President, Secretary and Principal Financial Officer	August 26, 2004
----- /S/ F. WAYNE PATE ----- F. WAYNE PATE	Director	August 26, 2004
----- /S/ EDWARD R. PASCOE ----- EDWARD R. PASCOE	Director	August 26, 2004
----- /S/ JOHN P. MCKLEROY, JR. ----- JOHN P. MCKLEROY, JR.	Director	August 26, 2004
----- /S/ JAMES I. ROTENSTREICH ----- JAMES I. ROTENSTREICH	Director	August 26, 2004
----- ----- JOHN S.P. SAMFORD	Director	August 26, 2004
----- ----- J. WALLACE NALL, JR.	Director	August 26, 2004
----- /S/ JOANN F. BASHINSKY -----	Director	August 26, 2004

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JOANN F. BASHINSKY

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SCHEDULE II

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED MAY 31, 2002, 2003 AND 2004

Allowance for Doubtful Accounts	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deduction
Year ended May 31, 2002	\$346,100	\$(113,175)	\$36,825
Year ended May 31, 2003	\$196,100	\$224,722	\$224,722
Year ended May 31, 2004	\$196,100	\$131,771	\$142,871

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INDEX TO EXHIBITS

	PAGE
3.1 Certificate of Incorporation of Golden Enterprises, Inc. (originally known as "Golden Flake, Inc.") dated December 11, 1967.	56
3.2 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated December 22, 1976.	67
3.3 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1979 Form 10-K filed with the Commission).	
3.4 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 4, 1979 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1980 Form 10-K filed with the Commission).	

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- 3.5 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 24, 1982 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1983 Form 10-K filed with the Commission).
- 3.6 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 22, 1983 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1983 filed with the Commission).
- 3.7 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 3, 1985 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1985 filed with the Commission).
- 3.8 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 23, 1987 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).
- 3.9 By-Laws of Golden Enterprises, Inc. (incorporated by reference to Exhibit 3.4 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).
- 10.1 A Form of Indemnity Agreement executed by and between Golden Enterprises, Inc. and Each of Its Directors (incorporated by reference as Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1987 filed with the Commission).
- 10.2 Amended and Restated Salary Continuation Plans for John S. Stein (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1990 Form 10-K filed with the Commission).
- 10.3 Indemnity Agreement executed by and between the Company and J. Wallace Nall, Jr. (incorporated by reference as Exhibit 19.4 to Golden Enterprises, Inc. May 31, 1991 Form 10-K filed with the Commission).
- 10.4 Salary Continuation Plans - Retirement, Disability and Death Benefits for F. Wayne Pate (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).

- 10.5 Indemnity Agreement executed by and between the Registrant and F. Wayne Pate (incorporated by reference as Exhibit 19.3 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.6 Golden Enterprises, Inc. 1996 Long-Term Incentive Plan (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 1997 Form 10-K filed with the Commission).
- 10.7 Lease of Aircraft executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Sloan Y. Bashinsky, Sr. (incorporated by reference as Exhibit 10.1 to Golden





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32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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